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## ✓ Latest release

# Hours of work

## Labour Statistics: Concepts, Sources and Methods

Reference period: 2023

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Measuring the levels and trends of hours worked for different groups of employed persons is important in order to monitor working and living conditions, as well as analysing economic cycles. Information on hours of work enables various analytical insights such as: classification of employed persons into full-time and part-time status; the identification of underemployed persons; and the creation of aggregate monthly hours worked estimates.

There are four concepts addressed in this section:

- Hours usually worked
- Hours actually worked
- Hours paid for
- Normal hours of work

Hours worked has been defined in terms of time when (paid) employees were at the disposal of an employer; that is, when available to receive work orders from an employer or person in authority, with hours worked covering all jobs.

International Labour Organisation (ILO)

During such periods of availability as defined by hours worked, workers are expected to be ready to work if work is possible, requested or necessary. This general concept is made meaningful for the self-employed if it is taken to mean time when the self-employed are available to do their work, such as being at the disposal of clients, ready to receive purchase orders or available to make sales, etc. Further information is available in the [ILO Resolution concerning the measurement of working time \(http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS\\_112455/lang--en/index.htm\)](http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_112455/lang--en/index.htm) (Eighteenth International Conference of Labour Statisticians, 2008).

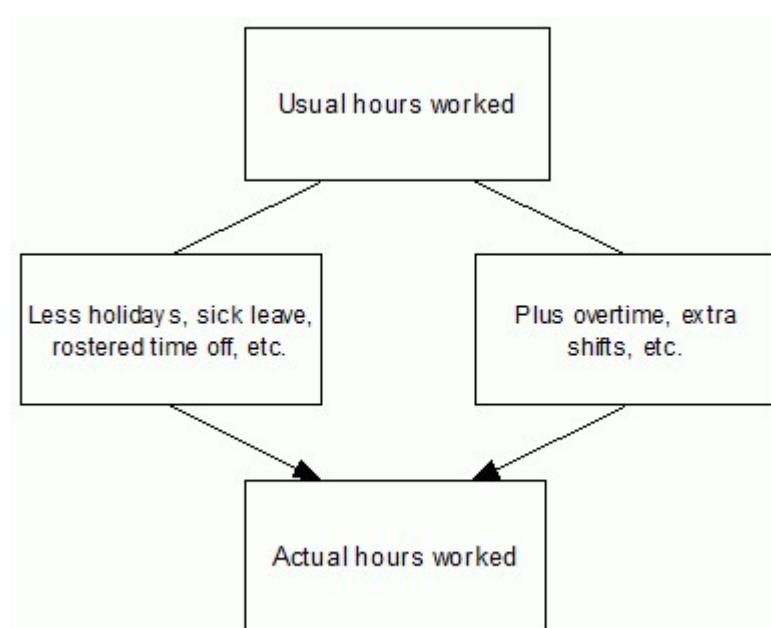
## Hours usually worked

Hours usually worked is the typical number of hours worked in a job for a short reference period (such as one week) that is representative of a longer reference period (e.g. a month, quarter, season or year).

United Nations Economic Commission Europe

Usual hours may differ from actual hours worked at a given time if employed persons are away from work due to illness, vacation, strike, a change of job or other reasons, or are at work for more hours than normal due to overtime, extra shifts, etc.

### Relationship between usual hours and actual hours worked



When analysing usual hours worked, consideration should be given to appreciate the different perceptions respondents may have when reporting the typical hours they work. The ILO guidelines say that "the typical value may be the modal (most frequently occurring) value of the distribution of hours actually worked per short period over the long observation period, where meaningful". However, it is also possible that respondents average their actual hours worked over a long reference period to derive a typical value for the shorter period.

Measures of hours usually worked (in all jobs) are available from: the Labour Force Survey (LFS) and LFS supplementary surveys, such as Participation, Job Search and Mobility (PJSM) and Characteristics of Employment (COE). Measures of usual hours of work are not available from ABS business surveys, and are not collected in the Census of Population and Housing.

## Hours actually worked

Hours actually worked is the time spent in a job for the performance of activities that contribute to the production of goods and services during a specified short or long reference period.

International Labour Organisation

International resolutions relating to actual hours worked, adopted by the Eighteenth International Conference of Labour Statisticians (ICLS) in 2008, refer to wage and salaried employees. There are no international recommendations relating to actual hours worked for all categories of the employed population. However, the ILO in its manual 'Surveys of Economically Active Population, Employment, Unemployment and Underemployment' suggests that actual hours worked in a given job should be defined to cover all types of employment in labour force surveys. Hours actually worked is the time spent in a job for the performance of activities that contribute to the production of goods and services during a specified short or long reference period.

According to the ILO resolution, actual hours of work measured within the System of National Accounts production boundary includes all time spent directly on, and in relation to, productive activities, down time and resting time, such as:

- time spent in addition to hours worked during normal periods of work (including overtime);
- time spent at the place of work on activities such as the preparation of the workplace, repairs and maintenance, preparation and cleaning of tools, and the preparation of receipts, time sheets and reports;
- time spent at the place of work waiting or standing by due to machinery or process breakdown, accident, lack of supplies or power or internet access, etc.; and
- time corresponding to short rest periods (resting time) including tea and coffee breaks or prayer breaks.

Excluded are:

- hours paid for but not worked such as paid annual leave, public holidays or paid sick leave;
- meal breaks; and
- for paid employment, time spent on travel to and from work when no productive activity for the job is performed (even when paid by the employer).

The ILO suggests that for multiple job holders, actual hours worked should include the hours worked at all jobs.

ABS measures of actual hours of work are consistent with the international recommendations outlined above.

Measures of actual hours of work are available from a number of ABS household surveys: the LFS; various labour-related supplementary topics to the LFS; and various Special Social Surveys, including the Census of Population and Housing. Measures of actual hours of work are not available from ABS business surveys.

## **Monthly hours worked in all jobs**

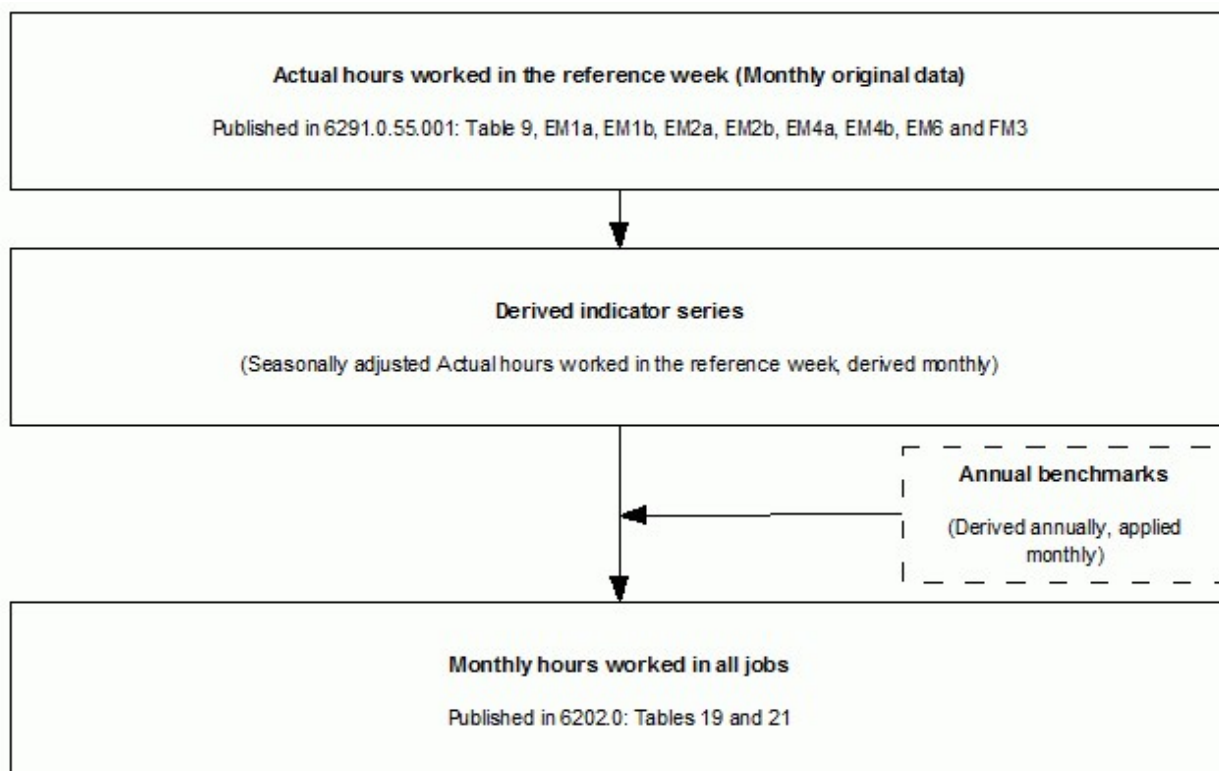
Monthly hours worked in all jobs is a measure of the total number of hours actually worked by employed persons in a calendar month. The methodology used to produce monthly hours worked in all jobs means that they are synthetic or modelled estimates.

Seasonally adjusted monthly hours worked in all jobs estimates are produced by combining two series.

The first series is the seasonally adjusted actual hours worked in the reference week, adjusted for holiday timing. These estimates provide an indication of movements across months.

The second series is an annual benchmark series containing original estimates of actual hours worked in each financial year. The annual actual hours worked original estimates are calculated by determining the actual hours worked for each week of the financial year. As actual hours worked are only collected in respect of the reference week of the LFS, actual hours worked for weeks not covered by the LFS are imputed based on the actual hours worked for the reference weeks in the adjacent months. Amongst other things, the imputation accounts for the effect of public holidays on hours worked; that is, it accounts for holidays that occur in the reference week of the LFS, as well as holidays that occur in weeks other than the reference week.

## **Actual (weekly) hours and monthly hours**



These two series are then combined to produce the seasonally adjusted monthly hours worked in all jobs series. A trend series is also subsequently produced. This approach ensures that:

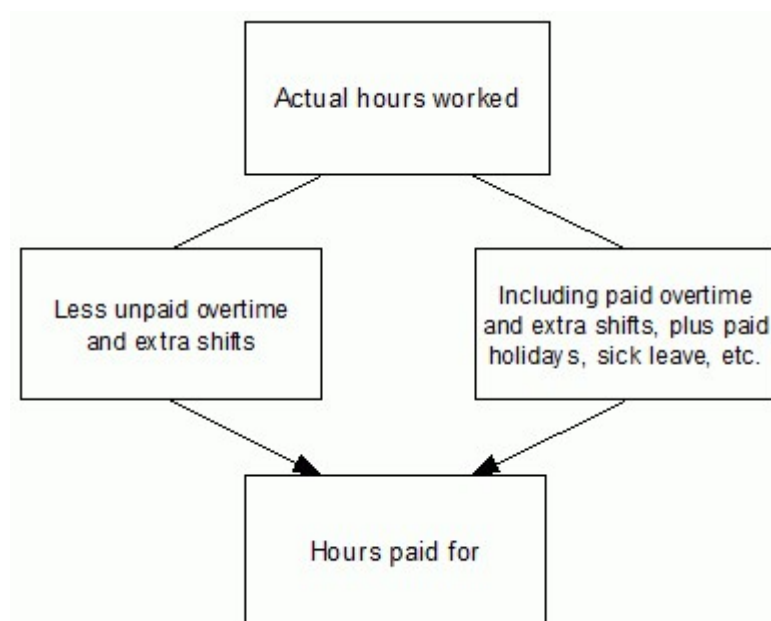
- the level of the aggregate monthly hours worked (seasonally adjusted) series is consistent with the level of the annual benchmarks; and
- the movements in the series are consistent with the movements in the seasonally adjusted actual hours worked in the reference week series.

## Hours paid for

Hours paid for applies to employee and self-employment jobs paid on the basis of time units. Hours paid for is the time for which payment has been received from the employer (at normal or premium rates) during a specified short or long reference period, regardless of whether the hours were actually worked or not. Hours paid for:

- includes time paid but not worked, such as paid annual leave, paid public holidays and certain absences such as paid sick leave; and
- excludes time worked but not paid by the employer, such as unpaid overtime, and absences that are not paid by the employer, such as unpaid educational leave or maternity leave that is paid through transfers by government from social security systems.

## Relationship between actual hours worked and hours paid for



As such, hours paid for will differ from the number of hours actually worked if an employee works more or less hours than their paid hours. Hours paid for will also differ from usual hours in some cases, for example if an employee performs long hours in some weeks to have rostered days or weeks off.

Measures of hours paid for are collected from business payroll records in the ABS business survey of Employee Earnings and Hours (EEH). EEH also collects information on the following components:

- ordinary time hours paid for - defined as the award, standard or agreed hours of work paid for at the ordinary rate. Ordinary hours paid for include: stand-by or reporting time hours which are part of standard hours of work, and hours of paid annual leave, paid sick leave and long service leave taken during the reference period; and
- overtime hours paid for - defined as hours paid for in excess of award, standard or agreed hours of work, at both standard and penalty rates.

Measures of average (mean) and median hours paid for and average hourly earnings are available from both EEH and COE.

## Normal hours of work

Normal hours of work is defined in a 2008 ICLS resolution as "the hours fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards to be performed in specified paid-employment jobs over a specified reference period, such as per day, week, month or year (within the System of National Accounts production boundary). Normal hours

of work may also apply to a job in self-employment when the hours are in accordance with the hours fixed for all jobs in a specific industry or occupation (such as for drivers to ensure public safety)".

Measures of normal hours of work are not produced by the ABS. However, the concept is used to assist in allocating respondents in the full-time/part-time status classification in ABS business surveys.

## **Data sources**

### **Labour Force Survey**

The main source of hours worked data is the LFS. The LFS collects information on hours usually worked, and hours actually worked in the survey reference week.

### **LFS supplementary surveys**

Hours worked data for specific populations are available in [Participation, Job Search and Mobility, Australia \(/statistics/labour/employment-and-unemployment/participation-job-search-and-mobility-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/employment-and-unemployment/participation-job-search-and-mobility-australia/latest-release).

The sole source of hours paid for from ABS household surveys is [Characteristics of Employment, Australia \(/statistics/labour/earnings-and-work-hours/characteristics-employment-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/characteristics-employment-australia/latest-release).

### **Other ABS sources**

Measures of total hours worked, over a quarter, are available from the Australian Labour Account. The Labour Account provides the best measure of hours worked across industries.

Measures of hours paid for are collected from business payroll records in Employee Earnings and Hours. This survey provides statistics on the composition and distribution of employee earnings, hours paid for and methods used to set employees' pay in Australia.

The Census of Population and Housing has data on the number of hours worked by an employed person in all jobs during the week prior to Census night. Hours worked data are generally published in ranges, but are also available for individual numbers of hours worked.